

AMENDED IN SENATE MARCH 26, 2012

SENATE BILL

No. 1058

Introduced by Senator Lieu

February 13, 2012

An act to amend Sections 1502 and 2117 of, to add Chapter 22.5 (commencing with Section 2280) to Division 1 of Title 1 of, and to repeal Section 1502.5 of, the Corporations Code, relating to the Victims of Corporate Fraud Compensation Fund.

LEGISLATIVE COUNSEL'S DIGEST

SB 1058, as amended, Lieu. Victims of Corporate Fraud Compensation Fund.

Existing law establishes the Victims of Corporate Fraud Compensation Fund, a continuously appropriated fund, within the State Treasury administered by the Secretary of State, the sole purpose of which is to provide restitution to victims of corporate fraud. Existing law requires the Secretary of State to adopt regulations regarding the administration of the fund and the eligibility of those victims to receive that restitution.

This bill would revise and recast those provisions, including eliminating the requirement that the Secretary of State adopt those regulations. The bill would provide that an aggrieved person who obtains a final judgment, as specified, against a corporation based upon the corporation's fraud, misrepresentation, or deceit, made with intent to defraud, may file an application with the Secretary of State for payment from the fund for the amount unpaid on the judgment that represents an actual and direct loss to the claimant in the transaction. The bill would limit the amount to be paid from the fund for any one action by a corporation to \$20,000, with respect to applications filed

before January 1, 2013, and \$50,000, with respect to applications filed on or after January 1, 2013.

This bill would require a claimant to apply for restitution on a form prescribed by the Secretary of State including specified information and representations. The bill would establish procedures for the Secretary of State in determining whether a claim shall be paid, including giving written notice to the claimant and the corporation, as specified. The bill would make it a crime to file a document under these provisions that is false or contains willful, material misstatements. The bill would make conforming changes.

Because this bill would create new crimes, the bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Existing law establishes the Victims of Corporate Fraud Compensation Fund within the State Treasury administered by the Secretary of State, who is required to adopt regulations to administer the fund. Moneys in the fund shall be used for the sole purpose of providing restitution to victims of corporate fraud.~~

~~This bill would express the intent of the Legislature to enact legislation that would require that victims eligible to receive restitution from the fund receive that restitution in a timely manner.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1502 of the Corporations Code is amended
- 2 to read:
- 3 1502. (a) Every corporation shall file, within 90 days after the
- 4 filing of its original articles and annually thereafter during the
- 5 applicable filing period, on a form prescribed by the Secretary of
- 6 State, a statement containing all of the following:
- 7 (1) The name of the corporation and the Secretary of State's
- 8 file number.

1 (2) The names and complete business or residence addresses of
2 its incumbent directors.

3 (3) The number of vacancies on the board, if any.

4 (4) The names and complete business or residence addresses of
5 its chief executive officer, secretary, and chief financial officer.

6 (5) The street address of its principal executive office.

7 (6) The mailing address of the corporation, if different from the
8 street address of its principal executive office.

9 (7) If the address of its principal executive office is not in this
10 state, the street address of its principal business office in this state,
11 if any.

12 (8) If the corporation chooses to receive renewal notices and
13 any other notifications from the Secretary of State by electronic
14 mail instead of by United States mail, the corporation shall include
15 a valid electronic mail address for the corporation or for the
16 corporation's designee to receive those notices.

17 (9) A statement of the general type of business that constitutes
18 the principal business activity of the corporation (for example,
19 manufacturer of aircraft; wholesale liquor distributor; or retail
20 department store).

21 (b) The statement required by subdivision (a) shall also
22 designate, as the agent of the corporation for the purpose of service
23 of process, a natural person residing in this state or a corporation
24 that has complied with Section 1505 and whose capacity to act as
25 an agent has not terminated. If a natural person is designated, the
26 statement shall set forth that person's complete business or
27 residence street address. If a corporate agent is designated, no
28 address for it shall be set forth.

29 (c) If there has been no change in the information in the last
30 filed statement of the corporation on file in the Secretary of State's
31 office, the corporation may, in lieu of filing the statement required
32 by subdivisions (a) and (b), advise the Secretary of State, on a
33 form prescribed by the Secretary of State, that no changes in the
34 required information have occurred during the applicable filing
35 period.

36 (d) For the purposes of this section, the applicable filing period
37 for a corporation shall be the calendar month during which its
38 original articles were filed and the immediately preceding five
39 calendar months. The Secretary of State shall provide a notice to
40 each corporation to comply with this section approximately three

1 months prior to the close of the applicable filing period. The notice
2 shall state the due date for compliance and shall be sent to the last
3 address of the corporation according to the records of the Secretary
4 of State or to the last electronic mail address according to the
5 records of the Secretary of the State if the corporation has elected
6 to receive notices from the Secretary of State by electronic mail.
7 The failure of the corporation to receive the notice is not an excuse
8 for failure to comply with this section.

9 (e) Whenever any of the information required by subdivision
10 (a) is changed, the corporation may file a current statement
11 containing all the information required by subdivisions (a) and
12 (b). In order to change its agent for service of process or the address
13 of the agent, the corporation must file a current statement
14 containing all the information required by subdivisions (a) and
15 (b). Whenever any statement is filed pursuant to this section, it
16 supersedes any previously filed statement and the statement in the
17 articles as to the agent for service of process and the address of
18 the agent.

19 (f) The Secretary of State may destroy or otherwise dispose of
20 any statement filed pursuant to this section after it has been
21 superseded by the filing of a new statement.

22 (g) This section shall not be construed to place any person
23 dealing with the corporation on notice of, or under any duty to
24 inquire about, the existence or content of a statement filed pursuant
25 to this section.

26 (h) The statement required by subdivision (a) shall be available
27 and open to the public for inspection. The Secretary of State shall
28 provide access to all information contained in this statement by
29 means of an online database.

30 (i) In addition to any other fees required, a corporation shall
31 pay a five-dollar (\$5) disclosure fee when filing the statement
32 required by subdivision (a). One-half of the fee shall be utilized
33 to further the provisions of this section, including the development
34 and maintenance of the online database required by subdivision
35 (h), and one-half shall be deposited into the Victims of Corporate
36 Fraud Compensation Fund established in Section ~~4502.5~~ 2280.

37 (j) A corporation shall certify that the information it provides
38 pursuant to subdivisions (a) and (b) is true and correct. No claim
39 may be made against the state for inaccurate information contained
40 in the statements.

1 *SEC. 2. Section 1502.5 of the Corporations Code is repealed.*
2 ~~1502.5. The Victims of Corporate Fraud Compensation Fund~~
3 ~~is hereby established in the State Treasury. The fund shall be~~
4 ~~administered by the Secretary of State who shall adopt regulations~~
5 ~~regarding the administration of the fund and the eligibility of~~
6 ~~victims to receive compensation from the fund. The money in the~~
7 ~~fund shall be used for the sole purpose of providing restitution to~~
8 ~~the victims of a corporate fraud. Notwithstanding Section 13340~~
9 ~~of the Government Code, the money in the fund is continuously~~
10 ~~appropriated to the Secretary of State for the purposes authorized~~
11 ~~by this section.~~

12 *SEC. 3. Section 2117 of the Corporations Code is amended to*
13 *read:*

14 2117. (a) Every foreign corporation (other than a foreign
15 association) qualified to transact intrastate business shall file,
16 within 90 days after the filing of its original statement and
17 designation of foreign corporation and annually thereafter during
18 the applicable filing period, on a form prescribed by the Secretary
19 of State, a statement containing the following:

20 (1) The name of the corporation as registered in California and
21 the California Secretary of State's file number.

22 (2) The names and complete business or residence addresses of
23 its chief executive officer, secretary, and chief financial officer.

24 (3) The street address of its principal executive office.

25 (4) The mailing address of the corporation, if different from the
26 street address of its principal executive office.

27 (5) The street address of its principal business office in this
28 state, if any.

29 (6) If the corporation chooses to receive renewal notices and
30 any other notifications from the Secretary of State by electronic
31 mail instead of by United States mail, the corporation shall include
32 a valid electronic mail address for the corporation or for the
33 corporation's designee to receive those notices.

34 (7) A statement of the general type of business that constitutes
35 the principal business activity of the corporation (for example,
36 manufacturer of aircraft; wholesale liquor distributor; or retail
37 department store).

38 (b) The statement required by subdivision (a) shall also
39 designate, as the agent of the corporation for the purpose of service
40 of process, a natural person residing in this state or a corporation

1 that has complied with Section 1505 and whose capacity to act as
2 the agent has not terminated. If a natural person is designated, the
3 statement shall set forth the person's complete business or
4 residence street address. If a corporate agent is designated, no
5 address for it shall be set forth.

6 (c) The statement required by subdivision (a) shall be available
7 and open to the public for inspection. The Secretary of State shall
8 provide access to all information contained in the statement by
9 means of an online database.

10 (d) In addition to any other fees required, a foreign corporation
11 shall pay a five-dollar (\$5) disclosure fee upon filing the statement
12 required by subdivision (a). One-half of the fee shall be utilized
13 to further the provisions of this section, including the development
14 and maintenance of the online database required by subdivision
15 (d), and one-half shall be deposited into the Victims of Corporate
16 Fraud Compensation Fund established in Section ~~1502.5~~ 2280.

17 (e) Whenever any of the information required by subdivision
18 (a) is changed, the corporation may file a current statement
19 containing all the information required by subdivisions (a) and
20 (b). In order to change its agent for service of process or the address
21 of the agent, the corporation shall file a current statement
22 containing all the information required by subdivisions (a) and
23 (b). Whenever any statement is filed pursuant to this section, it
24 supersedes any previously filed statement and the statement in the
25 filing pursuant to Section 2105.

26 (f) Subdivisions (c), (d), (f), and (g) of Section 1502 apply to
27 statements filed pursuant to this section, except that "articles" shall
28 mean the filing pursuant to Section 2105, and "corporation" shall
29 mean a foreign corporation.

30 *SEC. 4. Chapter 22.5 (commencing with Section 2280) is added*
31 *to Division 1 of Title 1 of the Corporations Code, to read:*

32
33 *CHAPTER 22.5. VICTIMS OF CORPORATE FRAUD COMPENSATION*
34 *FUND*
35

36 *2280. The Victims of Corporate Fraud Compensation Fund is*
37 *hereby established in the State Treasury. The fund shall be*
38 *administered by the Secretary of State for the sole purpose of*
39 *providing restitution to the victims of a corporate fraud.*
40 *Notwithstanding Section 13340 of the Government Code, the money*

1 *in the fund is continuously appropriated to the Secretary of State*
2 *for the purposes authorized by this chapter.*

3 *2281. As used in this chapter:*

4 (a) *“Application” means a request for payment from the fund*
5 *submitted to the Secretary of State pursuant to this chapter.*

6 (b) *“Claimant” means an aggrieved person who resides in the*
7 *state at the time of the fraud and who submits an application*
8 *pursuant to this chapter.*

9 (c) *“Complaint,” for the purpose of an application based on a*
10 *criminal restitution order, means the facts of the underlying*
11 *transaction upon which the criminal restitution order is based.*

12 (d) *“Corporation” includes domestic corporations and foreign*
13 *corporations.*

14 (e) *“Court of competent jurisdiction” means a small claims,*
15 *municipal, or superior court of any state, or a United States district*
16 *court or United States bankruptcy court.*

17 (f) *“Final judgment” means a judgment, arbitration award, or*
18 *criminal restitution order for which the period for appeal has*
19 *expired, enforcement of which is not barred by the order of any*
20 *court or by any statutory provision, and which has not been*
21 *nullified or rendered void by any court order or statutory provision.*
22 *Final judgments shall include, but are not limited to, each of the*
23 *following:*

24 (1) *Any findings of fact, conclusions of law, jury verdicts, jury*
25 *special verdicts, statements of decision, memorandum decisions,*
26 *or any other indication by a court or jury, as the case may be, of*
27 *its decision and the reasons for the decision.*

28 (2) *If the matter was submitted to arbitration, a copy of the*
29 *arbitration decision and any other documentation supporting the*
30 *arbitration award. An arbitration award that includes findings of*
31 *fact and conclusions of law rendered in accordance with the rules*
32 *established by the American Arbitration Association or another*
33 *recognized arbitration body, and in accordance with Sections 1280*
34 *to 1294.2, inclusive, of the Code of Civil Procedure where*
35 *applicable, and where the arbitration award has been confirmed*
36 *and reduced to judgment pursuant to Section 1287.4 of the Code*
37 *of Civil Procedure.*

38 (3) *A criminal restitution order issued pursuant to subdivision*
39 *(f) of Section 1202.4 of the Penal Code or Section 3663 of Title*
40 *18 of the United States Code. An application for payment from the*

1 *fund that is based on a criminal restitution order shall comply*
2 *with all of the requirements of this chapter.*

3 (g) “Fund” means the Victims of Corporate Fraud
4 Compensation Fund created by Section 2280.

5 (h) “Judgment,” for purposes of an application based on a
6 criminal restitution order, means the criminal restitution order.

7 2282. (a) When an aggrieved person obtains a final judgment
8 in a court of competent jurisdiction against a corporation based
9 upon the corporation’s fraud, misrepresentation, or deceit, made
10 with intent to defraud, the aggrieved person may, upon the
11 judgment becoming final, file an application with the Secretary of
12 State for payment from the fund, within the limitations specified
13 in Section 2289, for the amount unpaid on the judgment that
14 represents an actual and direct loss to the claimant in the
15 transaction.

16 (b) The application shall be delivered in person or by certified
17 mail to the Secretary of State not later than 18 months after the
18 judgment has become final.

19 (c) The application shall be made on a form prescribed by the
20 Secretary of State, shall contain a statement that the information
21 provided is true and accurate to the best of the claimant’s belief,
22 and shall include each of the following:

23 (1) If the claimant is represented by an attorney, the name,
24 business address, and telephone number of the attorney. If the
25 claimant is not being represented by an attorney in the filing of
26 the application, a telephone number where the claimant can be
27 reached during regular business hours shall be included.

28 (2) The identification of the final judgment, the amount of the
29 claim, and an explanation of the claim’s computation.

30 (3) A detailed narrative statement of the facts in explanation of
31 the allegations of the complaint upon which the underlying
32 judgment is based. A copy of a judgment that specifies the facts of
33 the allegations of the complaint shall be deemed to satisfy
34 compliance with the requirements prescribed in this paragraph.

35 (4) Each of the following representations by and information
36 pertaining to the claimant:

37 (A) That he or she is not a spouse of an employee of the
38 corporation nor a personal representative of the spouse.

39 (B) That he or she has complied with all of the requirements of
40 this chapter.

1 (C) That the judgment underlying the claim meets the
2 requirements of Section 2282.

3 (D) A description of searches and inquiries conducted by or on
4 behalf of the claimant with respect to the corporation's assets
5 liable to be sold or applied to satisfaction of the judgment. A
6 court's determination or finding of the corporation's insolvency
7 or lack of assets to pay the claimant shall be deemed to satisfy the
8 requirements prescribed in this subparagraph.

9 (E) That the underlying judgment and debt have not been
10 discharged in bankruptcy, or the underlying judgment is statutorily
11 nondischargeable, or, in the case of a bankruptcy proceeding that
12 is open at or after the time of the filing of the application, that the
13 judgment and debt have been declared to be nondischargeable.

14 (F) That the application was mailed or delivered to the Secretary
15 of State no later than 18 months after the underlying judgment
16 became final.

17 (d) The Secretary of State shall not condition an award of
18 payment from the fund upon a claimant providing any additional
19 information or documents other than those prescribed in this
20 section.

21 (e) The Secretary of State shall include with the application
22 form detailed instructions with respect to documentary evidence,
23 pleadings, court rulings, the products of discovery in the underlying
24 litigation, and a notice to the applicant of his or her obligation to
25 protect the underlying judgment from discharge in bankruptcy, to
26 be appended to the application.

27 2283. (a) If the Secretary of State determines that the
28 application, as submitted by the claimant, fails to comply
29 substantially with the requirements of Section 2282, the Secretary
30 of State shall, within 15 days after receipt of the application, mail
31 an itemized list of deficiencies to the claimant.

32 (b) The time within which the Secretary of State is required to
33 act under Section 2284 shall be measured from the date of receipt
34 by the Secretary of State of an application. In the event of an
35 irreconcilable dispute between the claimant and the Secretary of
36 State on the question of whether the application is complete, the
37 claimant may immediately file the claim with the court pursuant
38 to Section 2287.

39 2284. (a) The Secretary of State shall render a final written
40 decision on the application within 90 days after a completed

1 application has been received unless the claimant agrees in writing
2 to extend the time within which the Secretary of State may render
3 a decision.

4 (b) The Secretary of State may deny or grant the application or
5 may enter into a compromise with the claimant to pay less in
6 settlement than the full amount of the claim. If the claimant refuses
7 to accept a settlement of the claim offered by the Secretary of State,
8 the written decision of the Secretary of State shall be to deny the
9 claim. Evidence of settlement offers and discussions between the
10 Secretary of State and the claimant shall not be competent evidence
11 in judicial proceedings undertaken by the claimant pursuant to
12 Section 2287.

13 2285. (a) The Secretary of State shall give written notice of a
14 decision rendered with respect to the application to the claimant.

15 (b) If the application is denied, the notice to the claimant shall
16 include the following statement:

17
18 “Claimant’s application has been denied. If the claimant wishes
19 to pursue the application in court, the claimant shall file the
20 application as follows in a superior court of this state not later
21 than six months after receipt of this notice. If the underlying
22 judgment is a California state court judgment, the application
23 shall be filed in the court in which the underlying judgment was
24 entered. If the underlying judgment is not a California state court
25 judgment or is a federal court judgment, the application shall be
26 filed in any superior court of any county within California that
27 would have been a proper venue if the underlying lawsuit had been
28 filed in a California state court, or in the Superior Court of the
29 County of Sacramento.”
30

31 2286. (a) The Secretary of State shall give notice, as prescribed
32 in subdivision (b), to the corporation that the Secretary of State
33 has made a decision to award funds to the claimant and shall
34 provide a copy of the decision to the corporation.

35 (b) The notice served upon the corporation shall include the
36 following statement:

37
38 “NOTICE: Based upon a judgment entered against (Name of
39 Corporation) in favor of (Name of Claimant), an application for

1 *payment from the Victims of Corporate Fraud Compensation Fund*
2 *has been made to the Secretary of State.*

3 *The decision of the Secretary of State on the application of (Name*
4 *of Claimant) is to pay \$ (Dollar Amount) from the Victims of*
5 *Corporate Fraud Compensation Fund. A copy of that decision is*
6 *enclosed.*

7 *Pursuant to Section 2280 of the Corporations Code, the*
8 *Secretary of State has assumed the claimant's interest in the*
9 *judgment against the corporation and has the authority to pursue*
10 *damages against the corporation's officers for the judgment*
11 *amount paid to the claimant."*

12
13 *2287. (a) A claimant against whom the Secretary of State has*
14 *rendered a decision denying an application may, within six months*
15 *after the mailing of the notice of the denial, file a verified*
16 *application in superior court for an Order Directing Payment Out*
17 *of the Victims of Corporate Fraud Compensation Fund based upon*
18 *the grounds set forth in the application to the Secretary of State.*
19 *If the underlying judgment is a California state court judgment,*
20 *the application shall be filed in the court in which the underlying*
21 *judgment was entered. If the underlying judgment is not a*
22 *California state court judgment or is a federal court judgment, the*
23 *application shall be filed in the superior court of any county within*
24 *California that would have been a proper venue if the underlying*
25 *lawsuit had been filed in a California state court, or in the Superior*
26 *Court of the County of Sacramento.*

27 *(b) A copy of the application shall be served upon the Secretary*
28 *of State by the claimant. A certificate or affidavit of service shall*
29 *be filed by the claimant with the court. Service on the Secretary*
30 *of State may be made by certified mail addressed to the Secretary*
31 *of State's office.*

32 *(c) The Secretary of State shall have 30 days after being served*
33 *with the application in which to file a written response. The court*
34 *shall thereafter set the matter for hearing upon the petition of the*
35 *claimant. The court shall grant a request of the Secretary of State*
36 *for a continuance of as much as 30 days and may, upon a showing*
37 *of good cause by any party, continue the hearing as the court*
38 *deems appropriate.*

39 *(d) The claimant shall have the burden of proving compliance*
40 *with the requirements of Section 2282 by competent evidence at*

1 *an evidentiary hearing. The claimant shall be entitled to a de novo*
2 *review of the merits of the application as contained in the*
3 *administrative record.*

4 *(e) At any time during the court proceedings, the application*
5 *may be compromised or settled by the Secretary of State and the*
6 *court shall, upon joint petition of the claimant and the Secretary*
7 *of State, issue an order directing payment out of the fund.*

8 2288. *(a) Whenever the court proceeds upon an application*
9 *under Section 2287, it shall order payment out of the fund only*
10 *upon a determination that the aggrieved party has a valid cause*
11 *of action within the purview of Section 2282, and has complied*
12 *with Section 2287.*

13 *(b) The Secretary of State may defend any action on behalf of*
14 *the fund and shall have recourse to all appropriate means of*
15 *defense and review, including examination of witnesses and the*
16 *right to relitigate any issues that are material and relevant in the*
17 *proceeding against the fund and that were determined in the*
18 *underlying action on which the judgment in favor of the applicant*
19 *was based. The claimant's judgment shall create a rebuttable*
20 *presumption of the fraud, misrepresentation, or deceit by the*
21 *corporation, which presumption shall affect the burden of*
22 *producing evidence.*

23 *(c) The Secretary of State may move the court at any time to*
24 *dismiss the application when it appears there are no triable issues*
25 *and the petition is without merit. The motion may be supported by*
26 *affidavit of any person or persons having knowledge of the facts,*
27 *and may be made on the basis that the petition, and the judgment*
28 *referred to therein, does not form the basis for a meritorious*
29 *recovery claim within the purview of Section 2282; provided,*
30 *however, the Secretary of State shall give written notice at least*
31 *10 days before the motion to the claimant.*

32 2289. *Notwithstanding any other provision of this chapter and*
33 *regardless of the number of persons aggrieved involved in a*
34 *transaction or the number of judgments against a corporation, the*
35 *liability of the fund shall not exceed the following amounts:*

36 *(a) For applications for payment from the fund filed before*
37 *January 1, 2013, twenty thousand dollars (\$20,000) for any one*
38 *action by a corporation.*

1 (b) For applications for payment from the fund filed on or after
2 January 1, 2013, fifty thousand dollars (\$50,000) for any one
3 action by a corporation.

4 (c) When multiple corporations are involved in a transaction
5 and the conduct of two or more of the corporations results in a
6 judgment meeting the requirements of Section 2282, the claimant
7 may seek recovery from the fund based on the judgment against
8 any of the corporations, subject to the limitations of subdivisions
9 (a) and (b).

10 (d) When multiple claimants are involved in a corporate fraud,
11 or in misrepresentation or deceit by a corporation, resulting in a
12 judgment meeting the requirements of Section 2282, each claimant
13 may seek recovery from the fund individually, subject to the
14 limitations of subdivisions (a) and (b).

15 2290. If, at any time, the money deposited in the fund is
16 insufficient to satisfy any duly authorized claim or portion thereof,
17 the Secretary of State shall, when sufficient money has been
18 deposited in the fund, satisfy the unpaid claims or portions thereof,
19 in the order that the claims or portions thereof were originally
20 filed, plus accumulated interest at the rate of 4 percent per year.

21 2291. Any sums received by the Secretary of State pursuant to
22 any provisions of this section shall be deposited in the State
23 Treasury and credited to the fund.

24 2292. It shall be unlawful for any person or the agent of any
25 person to file with the Secretary of State any notice, statement, or
26 other document required under the provisions of this chapter which
27 is false or untrue or contains any willful, material misstatement
28 of fact. That conduct shall constitute a public offense punishable
29 by imprisonment in a county jail for a period of not more than one
30 year or a fine of not more than one thousand dollars (\$1,000), or
31 both.

32 2293. When the Secretary of State has paid from the fund any
33 sum to the claimant, the Secretary of State shall be subrogated to
34 all of the rights of the claimant and the claimant shall assign all
35 of his or her right, title, and interest in the judgment to the
36 Secretary of State and any amount and interest so recovered by
37 the Secretary of State on the judgment shall be deposited in the
38 fund.

1 2294. *The failure of an aggrieved person to comply with all of*
2 *the provisions of this chapter shall constitute a waiver of any rights*
3 *hereunder.*

4 SEC. 5. *No reimbursement is required by this act pursuant to*
5 *Section 6 of Article XIII B of the California Constitution because*
6 *the only costs that may be incurred by a local agency or school*
7 *district will be incurred because this act creates a new crime or*
8 *infraction, eliminates a crime or infraction, or changes the penalty*
9 *for a crime or infraction, within the meaning of Section 17556 of*
10 *the Government Code, or changes the definition of a crime within*
11 *the meaning of Section 6 of Article XIII B of the California*
12 *Constitution.*

13 ~~SECTION 1. It is the intent of the Legislature to enact~~
14 ~~legislation that would require that victims eligible to receive~~
15 ~~restitution under the Victims of Corporate Fraud Compensation~~
16 ~~Fund receive that restitution in a timely manner.~~